

States Opting Out of COVID-19 Unemployment Insurance (UI) Agreements

Updated August 20, 2021

In response to the recent [recession](#) caused by the COVID-19 pandemic, Congress created several temporary Unemployment Insurance (UI) programs through the Coronavirus Aid, Relief, and Economic Security (CARES) Act ([P.L. 116-136](#)), and extended these programs through [P.L. 116-260](#) and [P.L. 117-2](#). Recently, 24 states terminated their agreements to pay COVID-19 UI benefits. Two additional states—Indiana and Maryland—announced their intention to terminate their agreements; however, according to the U.S. Department of Labor (DOL), as of August 4, 2021, state courts in the two states have issued temporary orders prohibiting withdrawal from some or all of the COVID-19 UI programs. There have also been [media reports](#) of additional legal challenges in other states that have announced terminations of COVID-19 UI agreements.

The [temporary COVID-19 UI programs](#) are authorized through September 4, 2021, and include

- the \$300 weekly [Federal Pandemic Unemployment Compensation \(FPUC\)](#), which supplements all UI benefits (originally, FPUC was authorized at \$600 a week under the CARES Act through July 25, 2020);
- [Pandemic Emergency Unemployment Compensation \(PEUC\)](#), which provides up to 49 weeks of additional UI benefits for individuals who exhaust regular Unemployment Compensation (UC) and are able to, available for, and actively seeking work; and
- [Pandemic Unemployment Assistance \(PUA\)](#), which provides up to 75 weeks of a temporary, federal UI program for individuals who are (1) not otherwise eligible for UI benefits (e.g., self-employed, independent contractors, gig economy workers); (2) unemployed, partially unemployed, or unable to work due to a specific COVID-19-related reason; and (3) not able to telework and are not receiving any paid leave.

Further, [P.L. 117-2](#) authorized an additional, temporary UI benefit:

- [Mixed Earner Unemployment Compensation \(MEUC\)](#), which provides an additional \$100 per week benefit augmentation for unemployed workers with previous earned income from both wage-and-salary jobs and self-employment who are receiving UC, Extended Benefit (EB) payments, or PEUC (but not PUA).

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Voluntary Agreements Between DOL and States to Administer COVID-19 UI Benefits

The statutory authority for these temporary UI benefits specifies that they are payable through voluntary agreements between states and DOL at each state's option. The law requires states to provide at least a 30-day notice to DOL that they plan to terminate their agreements. Until recently, all states had signed agreements to administer FPUC and PEUC. Most states (excluding Idaho and South Dakota) had agreed to provide MEUC by amending their FPUC agreements.

The CARES Act requires that [states sign agreements with DOL in order to administer PUA](#). According to [DOL guidance](#), all signed PUA agreements contained the requirement to provide at least a 30-day notice before terminating PUA.

Other CARES Act Provisions Subject to Voluntary Agreements

In addition to DOL-state agreements to provide PEUC, PUA, FPUC, and MEUC, the CARES Act provides for temporary, voluntary cost-sharing agreements between DOL and states, including

1. [75% federal cost-share](#) of UC benefits paid to former workers in state and local governments, Indian tribes, and certain nonprofit organizations (under permanent law, these former employers reimburse state UC programs for 100% of benefit costs);
2. [100% funding of the first week of UC](#) if a state has [no waiting week](#) (100% state financed under permanent law); and
3. [100% federal funding](#) for existing [Short-Time Compensation \(STC\) programs](#) (100% state financed under permanent law).

Recent State Announcements: Opting Out of COVID-19 UI Agreements

DOL received notification from 26 states seeking to terminate their agreements for at least some COVID-19 UI benefits; in two states (Indiana and Maryland), temporary orders from state courts have prohibited withdrawal from some or all COVID-19 UI programs. Termination dates for the remaining 24 states seeking to terminate their agreements ranged from June 12, 2021, to July 31, 2021. For weeks of unemployment beginning after the agreement's termination, the benefit(s) is no longer available in the state. Some states include the termination of the temporary UI cost-sharing measures in their notices.

States assert several rationales for opting out of their agreements, including (1) work disincentive effects (i.e., the \$300 weekly FPUC benefit coupled with regular UC payment may be [greater than the workers' original paychecks](#)), (2) decreased [state unemployment rates](#), (3) an [end to previous barriers to employment](#) (e.g., no remaining industry shutdowns, full operation of childcare facilities), and (4) increased numbers of job openings (i.e., [job openings that are equivalent](#) to the number who are unemployed).

Listed below are the 26 states that formally notified DOL they were terminating their agreements to pay COVID-19 UI benefits (and the effective termination date, if applicable):

- [Alabama](#) (6/19/21)
 - [Alaska](#) (FPUC/MEUC only; 6/19/21)
 - [Arkansas](#) (6/26/21)
 - [Arizona](#) (FPUC/MEUC only; 7/10/21)
 - [Florida](#) (FPUC/MEUC only; 6/26/21)
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- [Georgia](#) (6/26/21)
- [Idaho](#) (6/19/21)
- [Indiana](#) (due to state court order, PUA, PEUC, and FPUC continue to be payable; MEUC is terminated effective 7/19/21)
- [Iowa](#) (6/12/21)
- [Louisiana](#) (7/31/21)
- [Maryland](#) (due to state court order, PUA, PEUC, FPUC, and MEUC continue to be payable)
- [Mississippi](#) (6/12/21)
- [Missouri](#) (6/12/21)
- [Montana](#) (6/26/21)
- [Nebraska](#) (6/19/21)
- [New Hampshire](#) (6/19/21)
- [North Dakota](#) (6/19/21)
- [Ohio](#) (FPUC/MEUC only; 6/26/21)
- [Oklahoma](#) (6/26/21)
- [South Carolina](#) (6/26/21)
- [South Dakota](#) (6/26/21)
- [Tennessee](#) (7/3/21)
- [Texas](#) (6/26/21)
- [Utah](#) (6/26/21)
- [West Virginia](#) (6/19/21)
- [Wyoming](#) (retroactively opted out of MEUC; 6/19/21)

Some states announced that they are replacing the federal COVID-19 UI benefits with back-to-work bonuses to be paid by [Coronavirus Relief Fund \(CRF\)](#) monies. These back-to-work bonuses provide a lump sum payment to individuals previously receiving UI benefits who are currently reemployed. For example, Montana [announced up to \\$1,200](#) in reemployment bonuses.

Additional Resources

CRS Report R46687, *Current Status of Unemployment Insurance (UI) Benefits: Permanent-Law Programs and COVID-19 Pandemic Response*

CRS Report R46789, *Unemployment Insurance: Legislative Issues in the 117th Congress*

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